

**MINUTES**  
**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS**  
**Monday, September 15, at 9:00 a.m.**  
**State Capitol Building, Room 303**  
**Helena, MT**

**PRESENT:** Governor Brian Schweitzer, Attorney General Mike McGrath, Secretary of State Brad Johnson, and Superintendent of Public Instruction Linda McCulloch

**VIA TELEPHONE:** Auditor John Morrison

Ms. McCulloch moved for approval of the minutes from the August 18, 2008, meeting of the Board of Land Commissioners. Seconded by Mr. Johnson. Motion carried unanimously.

**ACTION ITEMS**

**908-1      FWP: HOLMGREN PROPERTY – FISHING ACCESS SITE**

Ms. Sexton stated this is a fee title purchase by FWP for a 72-acre fishing access site on the Yellowstone River. The cost is \$550,000.

Paul Sihler, FWP Field Services Administrator, stated that FWP seeks to have access sites along major rivers to provide half-day float opportunities. The site is between two existing sites that are 19 miles apart. An appraisal verified the value of this site. FWP is working with BNSF, Montana Rail Link, and MDT regarding the relocation of a railroad crossing. The relocation will take approximately one year due to visibility concerns. Currently, there will be walk-in access from the river. A parking area will be developed and that FWP will consider the future addition of camping facilities. The site's proximity to the Billings area indicates strong potential for use. FWP received 19 comments, all in support of the project.

Motion made by Mr. McGrath to approve the fishing access site. Seconded by Mr. Morrison. Carried unanimously.

**908-2      FWP: LINCOLN RANCH ACQUISITION**

Ms. Sexton stated this is an opportunity to purchase the 7540-acre Charlie Lincoln Ranch for \$7.6 million. The ranch incorporates 14 miles along the Marias River. FWP has the right of first refusal, with the understanding that additional expenditures may be necessary to enhance public access. FWP will continue negotiations to explore future land exchanges.

Jeff Hagener, FWP Director, stated that the Mr. Lincoln's will bequeathed the ranch to the Catholic Diocese of Helena, with the stipulation that if the Diocese decided to sell the ranch, FWP would be given the first right of refusal. The Church held a bidding process to establish the value of the property and accepted the \$7.6 million offer over two other parties' higher amounts. There is a time constraint as the estate has a timeline for FWP to meet their right of first refusal. The other two bidding parties expressed interest in working with FWP for future developments and interests.

The area is an excellent habitat for natural cottonwood galleries and several species of concern. The property contains many species of upland game birds, deer and other wildlife, and offers great opportunities for river recreation. A portion of the Lewis and Clark Historic Recreational Trail goes through the property, including Lewis' probable escape route after his encounter with the Blackfoot.

Mr. Sihler stated that FWP has administrative access, but that the title companies have been unwilling to insure for public access. FWP plans work with neighboring property owners to

resolve and clarify the access situation. The property was appraised at \$7.36 million and there is no legal barrier prohibiting FWP from paying a higher amount. The unique opportunity this property presents justifies paying the higher amount.

Troy Wanken, adjacent property owner, stated he has been working with FWP regarding public access. Mr. Wanken's concerns included:

- ♦ The main road is 150 feet from his home and cuts his through calving pastures. FWP endeavored to discuss access options with adjacent landowners. The adjacent owners have permitted hunting, fishing, river recreation and other sporting activities.
- ♦ The *Great Falls Tribune* may have misstated the quantity and variety of wildlife (antelope, pheasant, grouse, etc.) which may be found on the land. The river, which has several access points outside the Lincoln Ranch and adjacent properties (including a public campground), is safe to float only four to six weeks of the year
- ♦ The already prolific growth of noxious weeds along the river and the possibility that increased public access could increase the spread of the weeds.

Mr. Wanken stated that the Wanken Trust desired to have all their concerns addressed in writing by FWP.

Motion made by Ms. McCulloch for preliminary approval of the acquisition. Seconded by Mr. McGrath.

Governor Schweitzer asked if the Church had been in contact Mr. Wanken regarding access easements previous to FWP?

Mr. Wanken stated that a Church representative had informed him that the title company would not insure for public access as it is a private road. His primary concern had been reading of his "discussions" with FWP in the *Great Falls Tribune* prior to having ever been contacted by FWP.

Governor Schweitzer asked if the representatives from the church had an ongoing discussion?

Mr. Wanken stated that the Church had not been involved at any point. He had inquired of the *Great Falls Tribune* why his name had been in print, and was informed that FWP had commented for the article.

Governor Schweitzer asked if Mr. Wanken's private road title was to the middle of the river or the high water point.

Mr. Wanken stated it varies by location. Some points have the legal description indicating the high water point and others indicating the middle of the river.

Mr. Johnson asked if approval of the motion would be contingent upon access issues? He also asked how the DNRC would mitigate concerns such as those expressed by Mr. Wanken?

Ms. Sexton stated that FWP would lead those negotiations.

Mr. Wanken said a meeting is scheduled for September 22 with FWP.

Governor Schweitzer asked if approving this motion was contingent upon obtaining public access?

Mr. Sihler stated that additional expenditures could be necessary to enhance public access. FWP is aware of the noxious weed problem and fencing concerns, and will work with neighboring landowners regarding to access and management of the area.

Governor Schweitzer asked if the Land Board would have the opportunity to readdress the "additional expenditures" at a later point in the process.

Mr. Sihler said yes. FWP does not yet have a definite closing date on the sale. At this time the Land Board would be granting approval for FWP to move forward in order to accommodate the timelines in place by the diocese and the Lincoln Estate.

Governor Schweitzer asked if there is a plan to resolve the limited access on the west side of the property?

Mr. Sihler said FWP is working with the Wankens to resolve access issues. One possibility includes changing the location of the access road, as the location of cliffs would make foot access difficult.

Governor Schweitzer asked about the other interested parties who may have been willing to pay more for the land, and whether FWP would consider partnering with them on future projects?

Mr. Hagener stated FWP has been in communication with the other interested parties. There is the possibility for future land exchanges which would allow greater river access.

Governor Schweitzer asked about the funding sources?

Mr. Hagener stated that the funding comes from Access Montana, Habitat Montana, and state wildlife grants.

Governor Schweitzer asked if the general plan was for the land be a state park for floating and hunting deer and game birds?

Mr. Hagener said yes. The area has potential to be an excellent pheasant habitat. FWP has an upland game bird program which would seek to enhance the habitat.

Motion carried unanimously.

**908-3     DEPARTMENT OF COMMERCE: PRELIMINARY APPROVAL TO TRANSFER THE  
GREAT PLAINS DINOSAUR MUSEUM – MALTA, MONTANA**

Ms. Sexton stated this item is preliminary approval to transfer the Malta Dinosaur Museum from the Department of Commerce to the city of Malta.

Kelly Casillas, Department of Commerce Attorney, stated the authority for the transfer is under 77-2-351, MCA. The 2005 Legislature appropriated \$500,000 under HB 423 to Commerce to acquire and construct a dinosaur park in Malta. The facility was built and is currently operated and maintained by the Judith River Foundation. Land Board staff determined that this proposed transfer is appropriate to be a 351 transfer, as the transfer would be to a public entity and is not trust land. Commerce will place a reversionary clause on the deed requiring the property be used for community purpose. If not, it would revert to the state and the legislative council would be consulted.

Dave Cole, Department of Commerce Community Development Division Administrator, stated there is a great deal of enthusiasm from the Malta community and residents of

Phillips County. Final approval for the initial acquisition had been before the Land Board in March 2007. The property is adjacent to the Phillips County Historical Society and has shared parking. The total cost of the project was \$623,000, with the legislatively appropriated funds covering the costs of purchasing the land as well as much of the architecture and construction. Additional funding came from grants applied for through the Commerce and MDT, as well as in-kind donations from such entities as the Discovery Channel, Eastman Kodak, and the Ford Motor Company.

The Judith River Foundation has been involved with promotion and developments. Museum ownership by the city offers greater options for funds, as well as more immediate administrative opportunities. Mr. Cole referenced the interest, and additional funds potential being generated as a result of the museum's mummified dinosaur, Leonardo (displayed at the Houston Museum of Natural Science this year).

Motion made by Mr. Johnson for preliminary approval of the museum transfer. Seconded by Ms. McCulloch.

Mr. McGrath asked if the city of Malta has a plan in place to run the museum?

Mr. Cole stated the city plans to continue the management through Commerce.

Mr. McGrath asked what was the governing structure and how were they appointed?

Mr. Cole stated that the governing structure would be the Judith River Foundation and said he did not know who made the appointments.

Mr. McGrath stated he would like to ensure that legal, documented structures are in place to facilitate the proper management and continued success of the project if Commerce transfers the resource to the city.

Mr. Cole agreed.

Governor Schweitzer noted this is preliminary approval, so concerns can be addressed as the project moves forward.

Motion carried unanimously.

908-4

**PRELIMINARY APPROVAL FOR THE MONTANA HERITAGE  
COMMISSION/CENTRAL CITY, LLC LAND AND EASEMENT EXCHANGE**

Ms. Sexton stated this is preliminary approval for a land and easement exchange between the Montana Heritage Commission and Central City, LLC, for the area containing the Alder Gulch shortline railroad between Virginia and Nevada Cities.

Ms. Casillas stated that the state acquired the railroad in 1997 as part of the Bovey Estate. No known survey was performed at the time. When Central City purchased a portion of the property in 2006, a survey was commissioned which indicated that a portion of the railroad traversed the purchased property. MHC will exchange a 3.5-acre parcel (through a line adjustment) for Central City's 2.8-acre parcel. Each party will reserve an access easement, with MHC granting an access easement to the West, allowing Central City access to both its properties. The agreement also provides for MHC to control the exchange process and Central City to pay the costs. Surveys and title commitments have been ordered, but the parties are waiting for preliminary approval from the Land Board before ordering the MEPA and historical analyses.

Paul Reichert, MHC Executive Director, stated that the exchange would help resolve a complex property border issue in the Alder Gulch area.

Motion made by Ms. McCulloch for preliminary approval of the exchange. Seconded by Mr. Johnson. Carried unanimously.

**908-5      TIMBER SALE: STRYKER RANCH**

Ms. Sexton stated the timber sale is 77 acres (228 MBF) under the *Point of Rocks Timber Sale Project Environmental Assessment*. It is 80 percent seedtree with reserves, 20 percent commercial thinning, and will reduce fuel loads and maintain the aesthetics of the area. Concerns raised during the comment period have been addressed.

Motion made by Mr. Johnson to approve the timber sale. Seconded by Ms. McCulloch. Carried unanimously,

**908-6      FINAL APPROVAL FOR LAND BANKING ACQUISITION: VALENTINE WATER PROJECT**

Ms. Sexton stated this is final approval of the Valentine Water Project land banking acquisition. The DNRC Trust Land Management Division will acquire 304 acres at \$1500 from the Water Resources Division (Water Projects Bureau) to consolidate the school trust lands into a manageable block.

Motion made by Mr. Morrison to approve the acquisition. Seconded by Ms. McCulloch. Carried unanimously.

**908-7      FINAL APPROVAL FOR LAND BANKING SALES:**

*908-7A through 908-7C were considered as a block.*

**A. HILL COUNTY**

Ms. Sexton stated most of the parcels in Hill County are isolated 40-acre parcels. Several of the parcels sold at higher than the minimum bid (e.g. #512).

**B. LIBERTY COUNTY**

The three parcels nominated in Liberty County all met the minimum bid requirements.

**C. LEWIS AND CLARK COUNTY**

The three parcels nominated for land banking totaled 1520 acres (\$1,474,000) and are owned by the Dearborn Ranch. They met minimum bid requirements.

Motion made by Mr. McGrath to approve 908-7A through 908-7C. Seconded by Mr. Johnson. Carried unanimously.

**908-8      SET MINIMUM BIDS FOR LAND BANKING PARCELS:**

*908-8A, through 908-8D and 908-8G were considered as a block. 908-7E and 908-7F were postponed until the October 20, 2008, Land Board meeting.*

**A. BIG HORN COUNTY**

Ms. Sexton stated that the 640-acre parcel in Big Horn County was nominated by the lessee and does not have legal access.

**B. BLAINE COUNTY**

The parcels in Blaine County range from 5 to 640 acres. Many are 40- or 80-acre isolated parcels.

**C. CARBON COUNTY**

One of the parcels in Carbon County was nominated by the lessee, and the other by the state. The DNRC recommended the minimum bid be set as appraised, with access.

**D. CHOUTEAU COUNTY**

All but two of the parcels in Choteau County were nominated by the DNRC. They are small isolated parcels with no appraised value differentiation, with or without access.

**G. YELLOWSTONE COUNTY**

Both parcels in Yellowstone County were nominated by the DNRC Southern Land Office.

Motion made by Ms. McCulloch to set the minimum bids. Seconded by Mr. McGrath. Carried unanimously.

**908-9      APPROVAL FOR COMMUNITIZATION AGREEMENTS:**

*908-9A and 908-9B were considered as a block.*

**A. DEVON ENERGY CORP**

Ms. Sexton stated that Devon Energy had already established one unit and would like to establish another unit within the initial unit. The state owns 12.5 percent of the communitized area.

**B. TARGE ENERGY EXPLORATION AND PRODUCTION LLC**

The state owns 50 percent of the communitized area, and would receive 6.25 percent of the gas production under the communitization with Targe Energy.

Motion made by Mr. Johnson to approve 908-8A and 908-8B. Seconded by Ms. McCulloch.

Governor Schweitzer asked for clarification as to a "unit within a unit".

Monte Mason, DNRC Minerals Management Bureau Chief, stated that Section 16 has one spacing unit and another unit was placed just outside Section 16, but close enough to share in the production. The section would be entitled to 25 percent of the royalty rate from the new unit, in addition to already established royalties from the existing unit on Section 16.

Motion carried unanimously.

**908-10      OIL AND GAS LEASE SALE (SEPTEMBER 9, 2008)**

Governor Schweitzer referenced previous Land Board discussions regarding public notification and noted that DNRC is exploring additional notification methods such as contacting neighboring surface land owners and developing online maps. These considerations are not provided by the federal government, which owns significantly more land than the state.

Ms. Sexton stated that the federal government only provides notification on the website.

Governor Schweitzer stated that historically land has been leased with no actual or productive development. Upon termination of the leasing period, the lease may not be renewed or re-leased for a period of time. Some statistics mentioned by the Governor:

- ♦ 1980 – Land Board leased over one million acres

- ♦ 2000 to 2005 – 185,000 acres leased annually
- ♦ Currently 380,000 acres are being leased
- ♦ Less than one percent of state leased land actually gets drilled

Ms. Sexton stated the DNRC held its quarterly lease sale on September 9, 2008. These leases will be the first to incorporate the stipulation that all navigable riverbeds must have a setback of one quarter-mile from the high water mark (the federal government is also considering a setback stipulation of one half-mile from the middle of the river).

- ♦ 262 tracts leased (121,880 acres) for \$10.9 million
- ♦ Second largest sale of school trust land
- ♦ Average bid per acre – \$89.64
- ♦ Highest bid per acre – \$296 (Sweet Grass County)
- ♦ Largest total bid – \$140,800 (Sweet Grass County)

Shirley Layne, Sweet Grass County resident, expressed concern regarding the state's lack of transparency regarding this lease sale. [She] understood that DNRC is required by law to develop its mineral interests, but believes the process should be done carefully to follow the letter of the law and respecting private property rights. Ms. Layne does not believe that these points have been addressed, and said that some of the state lease parcels border are may be located under the land or homes of the neighboring property owners. Development of oil and gas leases should not occur as it would forever alter their way of life.

Public notice for the lease sale was not properly made in Sweet Grass County, and because of this, the sale should have been deferred. Potentially affected landowners in Sweet Grass County were not been given sufficient opportunity to comment. Ms. Layne stated that the *Billings Gazette* allegedly published the notice in the commercial advertising section of the paper on July 10, 2008, which was 20 days before the comment period closed. Public notice was never printed in the *Big Timber Pioneer*, the newspaper of general circulation in Sweet Grass County. Because of the lack of public notice, many of the Sweet Grass County landowners were not aware of the auction prior to the deadline for the comment period. Landowners were not provided with maps indicating the lease parcels until one day prior to the auction.

Ms. Layne stated that the DNRC referenced an administrative rule in response to her inquiries about which Montana law governed DNRC's duty to provide sufficient notice. She stated that the express purpose of the rule is not to notify the public, but rather to notify potential bidders of a pending lease sale. Ms. Layne stated that proper laws were not followed. The state had recognized this lack of public notice in Gallatin County and deferred parcels in there because notice had not been printed in the *Bozeman Chronicle*. Since no notice printed in the *Big Timber Pioneer* either, 36 landowners petitioned the state and asked for a deferral—the DNRC denied this request.

Ms. Layne stated that she does not understand why the state choose to interpret the law differently for similarly situated landowners, nor which publications the state deems appropriate for the Sweet Grass County community. On behalf of the landowners of Sweet Grass County, Ms. Layne asked that approval of the 122 parcels in Sweet Grass County be postponed until adequate opportunity for public comment is given.

There are also concerns that no EA took place prior to the lease sale. The issuance of state oil and gas leases constitutes an irretrievable commitment of important state resources, and as such, and environmental assessment should be done before the sale is completed. The DNRC has promised that an EA will occur before drilling permits are issued, but the public will not have an opportunity to comment on findings from an EA before a permit is issued, rendering the EA process meaningless to landowners in Sweet Grass County. Ms. Layne

said that the state believes than an EA is not important at this time since it believes that very few of these leases would actually be developed. Ms. Layne stated that this argument is not valid. It was the oil and gas companies that initially nominated these parcels for auction, and oil and gas companies are not in the business of arbitrarily giving the state of Montana millions of dollars for leases without any intention to develop each and every tract leased. There is no language in the lease documents to limit the ability of the oil and gas companies to drill as many of the leases as they choose, so an EA should take place before the issuance of these leases. Therefore, the Land Board should defer its approval of the leases in Sweet Grass County until an environmental review is completed.

Ms. Layne noted that development of the state's mineral interests is important and has a positive revenue impact from this development, but public notification and review has not been adequate, and proper respect for private property rights has not been shown.

Elizabeth (Bizz) Green, Sweet Grass County resident, asked what criteria are being used to set the setback stipulations? According to the map of tracts in Sweet Grass County that was sent out September 10 there are only two tracts that require the stipulation of the one quarter-mile setback. To Ms. Green's knowledge, at least two parcels have residences on them (including her own property, though she suspects there are several more). Stipulation 16 is not listed for these any of those parcels.

Ms. Green stated that there appears to be a great deal of pressure to sell these leases to gain money for the school trust, but she would be more comfortable knowing that state's water was being protected. She stated that she will sign a lease that must include well thought-out addendums to address her foremost concerns.

Lorents Grosfield, Sweet Grass County resident, stated that he understands the concerns expressed regarding public notice, but he disagrees that notice was inadequate. He explained that he has been on the nominated tracts interested parties mailing list for 25 years and has always received consistent notice. He requested this information because of interest in his county. Generally there have been few—if any—leases offered in Sweet Grass County. The 122 leases offered at this sale was a substantial number for an area that has not historically had oil and gas development: it would perhaps be reasonable to advertise in local papers under special circumstances such as this. Mr. Grosfield commended the DNRC for its public notification, citing his satisfaction with the information provided on the website.

Mr. Grosfield expressed concern regarding the precedent that may be set by the setback stipulations. The setback stipulation language offers some room for discretion by the DNRC to determine the necessity of the setback distancing on a case by case basis. He stated that any setback distance should be determined by a scientific process. Due to the land formations in the area, the one quarter-mile setbacks are farther than is necessary. Mr. Grosfield stated he believes that the \$7 million bid at the sale (the Sweet Grass County tracts) to be more than Sweet Grass County has ever contributed to the trust and expressed his satisfaction. He requested that the board approve the lease sale, but asked the DNRC to consider something more scientific than a "one size fits all" approach regarding setback stipulations.

Jay Bodner, Montana Stockgrowers Association Natural Resources Director, read an e-mail from Senator John Esp, District 31:

*I know you have heard many negative comments from the district in the past few weeks concerning the lease auction held last week. While those 25-50 people have the right to their opinion, I don't want to lose sight of the other 18,000 folks in my district, the vast majority of whom are pleased that millions of dollars will benefit the school children of*



*Montana. We are also pleased that with exploration and development will come a much needed economic boost for our region, and potentially new sources of much needed energy for our state and nation. I have talked to many of whom would like to be there to personally tell you that it is important for them that you approve these leases. Included among them are some folks that have signed the petition to request delays, who now regret signing it. The sad fact is they truly would like to take part, but most of them have to put up hay, have jobs to show up to, kids to pick up after school, and precious few resources to travel to and from Helena. I ask that you look beyond the complaints of a well-organized minority to the greater good of all Montanans and cast your vote for the future of our state and its citizens. With the safeguards in place today, we can develop these resources responsibly. Thank you for your time.*

Mr. Bodner stated that he himself had received many phone calls from people in Sweet Grass County who are in support of these leases.

Dave Galt, Montana Petroleum Association Executive Director, requested that the Land Board move forward with the lease sale. MPA would be pleased to help the DNRC with the notification issue. Mr. Galt stated that he had attended a meeting the previous week in Livingston where Director Sexton had informed the audience that there are currently 155 leases located under riverbeds, 13 of which are producing. There is no history of any problems on those existing leases. Mr. Galt stated he had researched setback regulations in other states and only Wyoming has an established river setback of 350 feet—one quarter-mile is leading in the industry. MPA is not opposed to the setback stipulation, and has contacted Director Sexton regarding some concerns about the concept of setbacks.

Charlotte Trollinger, Northern Plains Resource Council, said the state is legally bound to give notice, regardless of how the federal government's practices. NPRC believes it is likely that these parcels will increase in value over time, and selling them now is like selling off Montana's inheritance.

Motion made by Mr. Johnson to approve the lease sale. Seconded by Ms. McCulloch.

Mr. McGrath asked what are the legal requirements for public notice of these types of leases?

Tommy Butler, DNRC Trust Land Management Attorney, stated that the notice that was published in the *Billings Gazette* was a solicitation for bids at auction. The Land Board is the governing body that issues leases and make irrevocable commitments of property interests on state lands. The type of notice that is required under Title 2, MCA, is for governing bodies that make irrevocable commitments or actions. Therefore, the public notice that people have been requesting is actually the public notice that the Land Board gives of its agenda items.

Mr. McGrath asked for further explanation of the opportunity for public comment during the EA process.

Mr. Butler stated that whenever a draft EA is issued there is always opportunity for public notice and comment. The concept of duplicate MEPA partially exempts the Land Board from requiring an environmental review when additional permitting is required under Title 82 or Title 75, MCA, because the environmental review will be done by the DEQ and/or the BOGC when drilling permits are issued.

Mr. McGrath asked if there would be an EA this instance?

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Mr. Mason stated that there is no MEPA analysis done at the leasing stage due to the duplicate MEPA reasons stated by Mr. Butler. All leases are stipulated for future review, if and when any actual activity is proposed for the lease. The nature of a review is determined by the scope of the proposal and potential impacts.

Mr. McGrath asked if an entity, having acquired a lease, must go through a process in order to develop the land? Also, depending on the specifics of the land, could part of the process could include a full EIS?

Mr. Mason said yes.

Mr. McGrath asked if there is always a public comment opportunity before a lease is developed?

Mr. Mason stated the typical development that has been done in areas with existing oil and gas has not involved general public comment. Under MEPA, it is the preparers obligation to correlate the amount of scoping and public comment with the issues involved. In certain areas, that would include discussions with other agencies (such as FWP) or adjacent landowners. BOGC performs MEPA analysis on all wells drilled in Montana, regardless of ownership. Public comment is dependant on the scope of the proposal and its potential impacts, as well as public interest.

Mr. McGrath asked if the leases in Sweet Grass County have generated a fair amount of public interest?

Mr. Mason said yes.

Mr. McGrath asked for assurance that people who have an interest in these leases would be given the opportunity to comment.

Mr. Mason said that would be appropriate under MEPA.

Mr. McGrath asked if surface landowners would automatically be notified of development of mineral resources under their land?

Mr. Mason said yes. Landowners or land lessees are notified of the process, and there may be mitigation of any damages done to their property as a result of the development.

Ms. McCulloch suggested the inclusion of the list of tracts offered in the notification [press release] as a means to encourage smaller weekly newspapers to publish the information. She also suggested that the information appear on newspaper websites and expressed appreciation of the DNRC's efforts to address the situation.

Ms. Sexton said that the DNRC is interested in communicating with special interest groups, and continues to welcome information or suggestions on how to provide public notice.

Governor Schweitzer asked for an approximation of the amount of annual revenue generated by the Land Board from all its resources.

Ms. Sexton stated that over the past five years it has been between \$50 and \$65 million per year.

Governor Schweitzer asked how much revenue was generated at the September 9, 2008, oil and gas lease sale?

Ms. Sexton said \$10.9 million.

Governor Schweitzer asked if the \$10.9 million was in addition to revenue generated this year from prior oil and gas lease sales.

Mr. Mason stated that the two lease sales held earlier in 2008 generated \$250,000 and \$972,000, respectively.

Ms. Sexton said that \$30 to 35 million has been generated annually in royalties from production over the last three to four years.

Governor Schweitzer asked if the revenue from oil and gas production has increased in the past few years and become the largest generator of revenue for the trust?

Ms. Sexton said yes.

Mr. McGrath stated he received a memo stated that previously there had been 159 tracts leased in Sweet Grass, Park, and Wheatland counties. Ninety-three percent of the tracts currently leased have also been previously leased, some as many as three times.

Motion to approve the lease sale carried unanimously.

**908-11     RIGHT-OF-WAY APPLICATIONS**

Ms. Sexton said there are applications for rights-of-way in Beaverhead, Fergus, Rosebud, and Teton Counties.

Motion made by Mr. Johnson to approve the easements. Seconded by Mr. McGrath. Carried unanimously.

Motion to adjourn made by Mr. Johnson. Seconded by Ms. McCulloch. Carried unanimously.